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(d) Commercial organizations are subject to the audit requirements of SSA or the prime recipient as incorporated into the award document.

§ 435.27 Allowable costs.

For each kind of recipient, there is a set of Federal principles for determining allowable costs. Allowability of costs will be determined in accordance with the cost principles applicable to the entity incurring the costs. Thus:

(a) Allowability of costs incurred by State, local or federally-recognized Indian tribal governments is determined in accordance with the provisions of OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments."

(b) Allowability of costs incurred by non-profit organizations is determined in accordance with the provisions of OMB Circular A-122, "Cost Principles for Non-Profit Organizations."

(c) Allowability of costs incurred by institutions of higher education is determined in accordance with the provisions of OMB Circular A-21, "Cost Principles for Educational Institutions."

(d) Allowability of costs incurred by hospitals is determined in accordance with the provisions of Appendix E of 45 CFR part 74, "Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts with Hospitals."

(e) Allowability of costs incurred by commercial organizations and those non-profit organizations listed in Attachment C to Circular A-122 is determined in accordance with the provisions of the Federal Acquisition Regulation (FAR) at 48 CFR part 31.

§ 435.28 Period of availability of funds.

Where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by SSA.

PROPERTY STANDARDS

§ 435.30 Purpose of property standards.

Sections 435.31 through 435.37 set forth uniform standards governing management and disposition of prop-

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erty furnished by the Federal Government whose cost was charged to a project supported by a Federal award. Recipients must observe these standards under awards and SSA may not impose additional requirements, unless specifically required by Federal statute. The recipient may use its own property management standards and procedures provided it observes the provisions of §§ 435.31 through 435.37.

§ 435.31 Insurance coverage.

Recipients must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired with Federal funds as provided to property owned by the recipient. Federally-owned property need not be insured unless required by the terms and conditions of the award.

§ 435.32 Real property.

SSA will prescribe requirements for recipients concerning the use and disposition of real property acquired in whole or in part under awards. Unless otherwise provided by statute, such requirements, at a minimum, will contain the following.

(a) *Title.* Title to real property will vest in the recipient subject to the condition that the recipient will use the real property for the authorized purpose of the project as long as it is needed and will not encumber the property without approval of SSA.

(b) *Use in other projects.* The recipient must obtain written approval by SSA for the use of real property in other federally-sponsored projects when the recipient determines that the property is no longer needed for the purpose of the original project. Use in other projects is limited to those under federally-sponsored projects (*i.e.*, awards) or programs that have purposes consistent with those authorized for support by SSA.

(c) *Disposition.* When the real property is no longer needed as provided in paragraphs (a) and (b) of this section, the recipient must request disposition instructions from SSA or its successor Federal awarding agency. SSA will observe one or more of the following disposition instructions:

(1) The recipient may be permitted to retain title without further obligation

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to the Federal Government after it compensates the Federal Government for that percentage of the current fair market value of the property attributable to the Federal participation in the project.

(2) The recipient may be directed to sell the property under guidelines provided by SSA and pay the Federal Government for that percentage of the current fair market value of the property attributable to the Federal participation in the project (after deducting actual and reasonable selling and fix-up expenses, if any, from the sales proceeds). When the recipient is authorized or required to sell the property, proper sales procedures will be established that provide for competition to the extent practicable and result in the highest possible return.

(3) The recipient may be directed to transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the recipient will be entitled to compensation for its attributable percentage of the current fair market value of the property.

§ 435.33 Federally-owned and exempt property.

(a) *Federally-owned property.* (1) Title to federally-owned property remains vested in the Federal Government. Recipients must submit annually an inventory listing of federally-owned property in their custody to SSA. Upon completion of the award or when the property is no longer needed, the recipient must report the property to SSA for further Federal agency utilization.

(2) If SSA has no further need for the property, it will be declared excess and reported to the General Services Administration, unless SSA has statutory authority to dispose of the property by alternative methods (e.g., the authority provided by the Federal Technology Transfer Act (15 U.S.C. 3710 (I)) to donate research equipment to educational and non-profit organizations in accordance with Executive Order 12821, "Improving Mathematics and Science Education in Support of the National Education Goals" (3 CFR, 1992 Comp., p. 323). Appropriate instructions will be issued to the recipient by SSA.

(b) *Exempt property.* When statutory authority exists, SSA has the option to vest title to property acquired with Federal funds in the recipient without further obligation to the Federal Government and under conditions SSA considers appropriate. Such property is "exempt property." Should SSA not establish conditions, title to exempt property upon acquisition will vest in the recipient without further obligation to the Federal Government.

§ 435.34 Equipment.

(a) Title to equipment acquired by a recipient with Federal funds will vest in the recipient, subject to conditions of this section.

(b) The recipient may not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute, for as long as the Federal Government retains an interest in the equipment.

(c) The recipient may use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds and may not encumber the property without approval of SSA. When no longer needed for the original project or program, the recipient must use the equipment in connection with its other federally-sponsored activities, in the following order of priority:

(1) Activities sponsored by SSA, then

(2) Activities sponsored by other Federal awarding agencies.

(d) During the time that equipment is used on the project or program for which it was acquired, the recipient must make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the equipment was originally acquired. First preference for such other use must be given to other projects or programs sponsored by SSA; second preference must be given to projects or programs sponsored by other Federal awarding agencies. If the equipment is owned by the Federal Government, use on other activities not sponsored by the Federal